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LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date OCT 08 1997

MCRIGHT & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

11817 BRICKSOME AVE. SUITE E
BATON ROUGE, LOUISIANA

LEGISLATIVE AUDITOR
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McRight & Associates

Certified Public Accountants
11817 Bricksome Ave., Suite E
Baton Rouge, Louisiana 70816
(504) 292-2041

Jeonelle R. McRight, MBA, CPA

L. Dalton McRight, MBA, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Louisiana Board of Veterinary Medicine Examiners
Department of Health and Hospitals
State of Louisiana

We have audited the accompanying general purpose financial statements of the Louisiana Board of Veterinary Medicine Examiners, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the Louisiana Board of Veterinary Medicine Examiners management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Louisiana Governmental Auditing Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Board of Veterinary Medicine Examiners as of June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 1997 on our consideration of Louisiana Board of Veterinary Medicine Examiners' internal control over financial reporting and our tests of its compliance with laws and regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The "schedule" listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Louisiana Board of Veterinary Medicine Examiners. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

McRight & Associates

September 24, 1997

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1997

	Governmental Fund Type General Fund	General Fixed Assets	General Long Term Debt	Total (Memo Only)
ASSETS				
Cash & Cash Equivalents	\$105,898			\$105,898
Prepaid Expenses	1,000			1,000
Furniture & Equipment		\$19,739		19,739
Amt to be Provided for Retirement of Long Term Debt			\$ 4,611	4,611
TOTAL ASSETS	<u>106,898</u>	<u>\$19,739</u>	<u>4,611</u>	<u>131,248</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 1,088			\$ 1,088
Accrued Payroll & Benefits	519			519
Payroll Deductions & Withholding Payable	822			822
Deferred Income	12,875			12,875
Compensated Absences			4,611	4,611
TOTAL LIABILITIES	<u>\$15,304</u>	<u>\$ -0-</u>	<u>\$ 4,611</u>	<u>\$ 19,915</u>
FUND EQUITY				
Investment in General Fixed Assets		\$19,739		\$ 19,739
Fund Balance: Unreserved-Undesignated	91,594			91,594
TOTAL FUND EQUITY	<u>91,594</u>	<u>\$19,739</u>	<u>-0-</u>	<u>\$111,333</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$106,898</u>	<u>\$19,739</u>	<u>4,611</u>	<u>\$131,248</u>

The accompanying notes are an integral part of this statement

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

	GENERAL FUND <u>1997</u>
REVENUES	
License Fees	\$129,715
Exam & Course Fees	46,150
Enforcement Actions	7,642
Sale of Goods & Services	344
interest	4,365
Other	499
	\$188,715
EXPENDITURES	
Accounting	\$ 6,740
Board Member - Travel	1,243
Board - Per Diem	3,000
Computer Expense	2,635
Dues & Subscriptions	676
Employee Benefits	7,377
Examination & Course	32,046
Insurance	4,276
Legal	40,277
Office Supplies	2,535
Other Travel	4,440
Postage	6,208
Printing	937
Rentals & Repairs	8,361
Salaries	59,577
Telephone	2,060
All Other	5,611
	187,999
Excess of Revenues over Expenditures	716
Fund Balance - Beginning	90,878
	91,594
Fund Balance - Ending	91,594

The accompanying notes are an integral part of this statement

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
BUDGET (GAAP) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:			
License Fees	\$129,715	\$132,785	\$ (3,070)
Exam & Course Fees	46,150	43,900	2,250
Enforcement Actions	7,642	13,732	(6,090)
Sale of Goods & Services	344	324	20
Interest	4,365	2,250	2,115
Other	499	702	(203)
	<hr/>	<hr/>	<hr/>
Total Revenues	\$188,715	193,693	(4,978)
 EXPENDITURES			
Accounting	\$ 6,740	7,480	740
Board Member - Travel	1,243	2,429	1,186
Board - Per Diem	3,000	3,375	375
Computer Expense	2,635	2,475	(160)
Dues & Subscriptions	676	838	162
Employee Benefits	7,377	10,712	3,335
Examination & Course	32,046	27,128	(4,918)
Insurance	4,276	4,276	
Legal	40,277	18,821	(21,456)
Office Supplies	2,535	2,406	(129)
Other Travel	4,440	5,628	1,188
Postage	6,208	5,292	(916)
Printing	937	2,041	1,104
Rentals & Repairs	8,361	11,612	3,251
Salaries	59,577	70,040	10,463
Telephone	2,060	2,400	340
All Other	5,611	12,666	7,055
	<hr/>	<hr/>	<hr/>
Total Expenses	187,999	189,619	1,620
Revenues over Expenditures	716	4,074	(3,358)
Fund Balance - Beginning	90,878	90,878	
	<hr/>	<hr/>	<hr/>
Fund Balance - Ending	91,594	94,952	(3,358)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of this statement

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The Louisiana Board of Veterinary Medicine Examiners (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statute 37:1515. The Board is composed of five members, appointed by the Governor. The members serve terms of five years. The Board is charged with the responsibility of establishing fees charged for examinations, registrations for licenses, and to establish rules and regulations governing activities of the veterinary professional within the confines of the state. Operations of the Board are funded entirely through self-generated revenues.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In June of 1987, the GASB issued a revised codification of governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

The Louisiana Board of Veterinary Medicine Examiners prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The accompanying statements present only transactions of the Louisiana Board of Veterinary Medicine Examiners, a component unit of the State of Louisiana.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

Annually the State of Louisiana issues general purpose financial statements which include the activity contained in the accompanying financial statements. The General purpose financial statements are issued by the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy, and audited by the Louisiana Legislative Auditor.

A. FUND ACCOUNTING

The accounts of the Board are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

GOVERNMENTAL FUNDS:

General Fund:

The General Fund is the principal fund and is used to account for the general operations of the Board. The various fees and charges due the Board are accounted for in this fund. General operating expenditures are paid from this fund. The Board has no other Funds.

B. GENERAL FIXED ASSETS AND GENERAL LONG-TERM OBLIGATIONS

Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Depreciation has not been provided on general fixed assets. All fixed assets are valued at historical costs.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

Long-term obligation expected to be financed from governmental funds are accounted for in the General Long-Term Obligation Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position, not with measurement of results of operations.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Board's records are maintained on the modified accrual basis of accounting using the following practices:

Revenues:

For all fiscal years ending through June 30, 1993, applications for renewal of licenses were issued on April 1 and become delinquent on July 1 of the year prior to the year for which the license would be effective. Any revenue collected for original licenses or renewal of licenses, prior to the start of the next fiscal year, is recorded as deferred income in the year collected. Original licenses and renewal licenses are effective for the fiscal year starting July 1 and ending June 30. Act 720 of the Regular Session of 1993 has changed the dates licenses are effective for. All licenses will now expire on September 30 of each year. Applications for renewal will be from July 1 and become delinquent as of November 1 of the year the license is issued for.

Other revenue is recorded in the year in which the revenue is available and measurable. In that usage, the term available means collectible in the current period or soon enough thereafter to be used to pay liabilities that are owed at the balance sheet date.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liabilities are incurred and the goods or services have been received.

D. BUDGET PRACTICES

Budgets are prepared and adopted by the Board annually. The budget for the fiscal year ending June 30, 1997 was adopted at the Board meeting in December, 1995.

All funds budgeted are immediately available, as the Board's operations are financed with self-generated revenue. Therefore, the budget is known as a nonappropriated budget.

The Board normally does not use encumbrance accounting, so the budget was not integrated in the accounting records. In addition, the budget was employed by the Board as a management control device, by comparing budgeted expenditures with actual expenditures.

The budget is prepared on the GAAP basis, using the modified accrual basis of accounting.

The Board monitors the budget and makes changes when deemed appropriate. By Board action, the fiscal year June 30, 1997 budget had items approved in addition to the original budget.

The Board has complied with the budgetary requirements of LSA-RS 39:43.

E. ENCUMBRANCES

The Louisiana Board of Veterinary Medicine Examiners does not follow the encumbrances method of accounting.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1997

F. CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalent include cash, demand deposits, time deposits and certificates of deposit.

The Louisiana Board of Veterinary Medicine Examiners had cash and cash equivalents totaling \$105,898 at June 30, 1997. Cash and cash equivalents are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

The deposits at June 30, 1997 were accrued as follows:

	June 30, 1997
Demand Deposits	\$105,898
Certificates of Deposit	
	<hr/>
Total Bank Balances	\$105,898

G. INVESTMENTS

The Louisiana Board of Veterinary Medicine Examiners does not maintain investment accounts.

H. INVENTORIES

Inventories are considered immaterial and are recorded at cost and recognized as an expenditure when purchased.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

I. ANNUAL AND SICK LEAVE

The Louisiana Board of Veterinary Medicine Examiners has the following policy related to annual and sick leave for the Board's unclassified clerical employees. The earning of annual and sick leave is based on the equivalent of full-time service. It is credited at the end of each month of regular duty.

Accrued unused annual and sick leave shall be carried forward to the succeeding calendar year without limitation. Annual leave must be applied for by the employee and may be used only when approved by the Board. Upon retirement or resignation, unused annual leave of up to 300 hours are paid to employees at the employee's current rate of pay.

Annual leave in excess of 300 hours and sick leave are used in the retirement benefit computation as earned service.

At June 30, 1997, the employees of the Board had accumulated and vested \$4,611 of employee leave benefits, which were computed in accordance with GASB Codification Section C60, as modified by GASB Statement Number 16. All of this amount is recorded as an obligation of the Long Term Debt Group of Accounts.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1997

J. TOTAL COLUMN ON STATEMENTS

The total column on the statements is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

K. CHANGES IN GENERAL FIXED ASSETS

The changes in general fixed assets are as follows:

Fiscal Year Ending June 30,	Ending Balance 1996	Additions	Deletions	Ending Balance 1997
Furniture & Equipment	\$19,389	350		19,739

L. PENSION PLAN

The Board's two employees are covered under the Louisiana State Employees' Retirement System, a cost sharing multiple employer defined benefit pension plan. The system is a statewide public employee retirement system and is available to all eligible employees. The system publishes yearly, annual financial reports which include detailed historical, financial, and actuarial information. In addition, to the employee contribution withheld at 7.5% of gross salary, the board contributed an additional 11.9% for the year ended June 30, 1997. For the year ended June 30, 1997, employer contribution to the system were \$4,902 while employee contributions were \$3,108. The total annual payroll for the board (all types of wages) was \$59,614 and the total payroll covered by the retirement system was \$57,172. Under present statues, the Board does not guarantee any of the benefits granted by the retirement system.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

M. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Board has no retired employees, and at present does not provide life insurance benefits.

N. OPERATING LEASES

The Board rents its office space under an operation lease. The lease expense included in other services and charges for the fiscal year ended June 30, 1997, was \$6,000. Annual lease expense under the lease term is a follows:

<u>Fiscal Years Ending</u>	<u>Amount</u>
June 30, 1998, 1999, 2000, 2001 THEREAFTER	\$7,200/yr. 600

O. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the year:

	<u>Legal Fees Disputed</u>	<u>Compensated Absences</u>	<u>Capital Leases</u>	<u>Total</u>
Long-term obligations payable 6/30/96	\$ -0-	\$1,304	-0-	\$ 1,304
Additions		3,307		3,307
Deductions				
Long-term Obligations Payable 6/30/97	<u>\$ -0-</u>	<u>4,611</u>	<u>-0-</u>	<u>\$ 4,611</u>

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

P. LITIGATION AND CLAIMS

There were no unasserted claims or assessments as of June 30, 1997.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 SCHEDULE OF PER DIEM PAID BOARD MEMBERS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1997

NAME	AMT PAID	AMT ACCRUED	TOTAL
Dick Walther	\$ 675	-0-	\$ 675
Robert Lofton	600	-0-	\$ 600
Robert M. Hammatt	75	-0-	75
James H. Burk	750	-0-	750
Anne B. Guedry	750	-0-	750
James R. Corley	750	-0-	750
TOTAL	<u>\$3,600</u>	<u>-0-</u>	<u>\$3,600</u>

The schedule of diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are paid \$75 for each day they attend a board meeting, as authorized by Louisiana Revised Statute.

McRight & Associates

Certified Public Accountants

11817 Bricksome Ave., Suite E
Baton Rouge, Louisiana 70816
(504) 292-2041

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Jeanette R. McRight, MBA, CPA

L. Dollon McRight, MBA, CPA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the general purpose financial statements of Louisiana Board of Veterinary Medicine Examiners, Baton Rouge Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated September 24, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Board of Veterinary Medicine Examiners general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying finding number one.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Board of Veterinary Medicine Examiners' financial statements in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Louisiana Board of Veterinary Medicine Examiners ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions are described in the accompanying schedule of findings, as item one.

A material weakness is a condition in which the design or operation of one or more of the internal control does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the board of commissioners, management, and Legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.

September 24, 1997

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF INTERNAL CONTROL STRUCTURE REPORTABLE CONDITIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

Inadequate segregation of duties - Item One

Condition: The Board is not large enough to permit an adequate segregation of employee duties for effective internal control over the purchasing (invoice approval, processing and general ledger) and reporting (journal entry preparation, approval and recordation) cycles.

Criteria: The processing of purchases and journal entries under the control of one person represents a failure to segregate the incompatible accounting activities.

Effect: The effect is such that errors, either intentional or unintentional, in the processing of purchases and journal entries could occur and not be detected in a timely manner and in the ordinary course of operations.

Cause: The size of the Board and the limited number of employees does not permit an adequate segregation of incompatible duties.

Recommendation: Due to the size of the Board's operations, it does not have sufficient staff to establish adequate segregation of duties. Therefore, the cost associated with reducing this deficiency in the design or operation of the internal control structure may not be considered justified.

Auditee response: Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at the current time.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

There were no prior year audit findings that required corrective actions.